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APPLICATION NO.	FILING DATE	FIRST NAMED INVENTOR	ATTORNEY DOCKET NO.	CONFIRMATION NO.
10/805,873	03/22/2004	Christopher D. Payne	306410.02/MFCP.140571	9879

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SHOOK, HARDY & BACON L.L.P.  
(c/o MICROSOFT CORPORATION)  
INTELLECTUAL PROPERTY DEPARTMENT  
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EXAMINER
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POUNCIL, DARNELL A

ART UNIT	PAPER NUMBER
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3688

MAIL DATE	DELIVERY MODE
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01/28/2009

PAPER

**Please find below and/or attached an Office communication concerning this application or proceeding.**

The time period for reply, if any, is set in the attached communication.

<b>Office Action Summary</b>	<b>Application No.</b> 10/805,873	<b>Applicant(s)</b> PAYNE ET AL.	
	<b>Examiner</b> DARNELL POUNCIL	<b>Art Unit</b> 3688	

-- The MAILING DATE of this communication appears on the cover sheet with the correspondence address --

### Period for Reply

A SHORTENED STATUTORY PERIOD FOR REPLY IS SET TO EXPIRE 3 MONTH(S) OR THIRTY (30) DAYS, WHICHEVER IS LONGER, FROM THE MAILING DATE OF THIS COMMUNICATION.

- Extensions of time may be available under the provisions of 37 CFR 1.136(a). In no event, however, may a reply be timely filed after SIX (6) MONTHS from the mailing date of this communication.
- If NO period for reply is specified above, the maximum statutory period will apply and will expire SIX (6) MONTHS from the mailing date of this communication.
- Failure to reply within the set or extended period for reply will, by statute, cause the application to become ABANDONED (35 U.S.C. § 133). Any reply received by the Office later than three months after the mailing date of this communication, even if timely filed, may reduce any earned patent term adjustment. See 37 CFR 1.704(b).

### Status

- 1) ☒ Responsive to communication(s) filed on 07 November 2008.
- 2a) ☒ This action is **FINAL**.                      2b) ☐ This action is non-final.
- 3) ☐ Since this application is in condition for allowance except for formal matters, prosecution as to the merits is closed in accordance with the practice under *Ex parte Quayle*, 1935 C.D. 11, 453 O.G. 213.

### Disposition of Claims

- 4) ☒ Claim(s) 1-46 is/are pending in the application.
- 4a) Of the above claim(s) \_\_\_\_\_ is/are withdrawn from consideration.
- 5) ☐ Claim(s) \_\_\_\_\_ is/are allowed.
- 6) ☒ Claim(s) 1-46 is/are rejected.
- 7) ☐ Claim(s) \_\_\_\_\_ is/are objected to.
- 8) ☐ Claim(s) \_\_\_\_\_ are subject to restriction and/or election requirement.

### Application Papers

- 9) ☐ The specification is objected to by the Examiner.
- 10) ☒ The drawing(s) filed on 07 November 2008 is/are: a) ☒ accepted or b) ☐ objected to by the Examiner.  
Applicant may not request that any objection to the drawing(s) be held in abeyance. See 37 CFR 1.85(a).  
Replacement drawing sheet(s) including the correction is required if the drawing(s) is objected to. See 37 CFR 1.121(d).
- 11) ☐ The oath or declaration is objected to by the Examiner. Note the attached Office Action or form PTO-152.

### Priority under 35 U.S.C. § 119

- 12) ☐ Acknowledgment is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d) or (f).
- a) ☐ All    b) ☐ Some \*    c) ☐ None of:
1. ☐ Certified copies of the priority documents have been received.
  2. ☐ Certified copies of the priority documents have been received in Application No. \_\_\_\_\_.
  3. ☐ Copies of the certified copies of the priority documents have been received in this National Stage application from the International Bureau (PCT Rule 17.2(a)).

\* See the attached detailed Office action for a list of the certified copies not received.

### Attachment(s)

- |  |   |
|--|---|
| 1) <input type="checkbox"/> Notice of References Cited (PTO-892)                     | 4) <input type="checkbox"/> Interview Summary (PTO-413)           |
| 2) <input type="checkbox"/> Notice of Draftsperson's Patent Drawing Review (PTO-948) | Paper No(s)/Mail Date. _____                                      |
| 3) <input type="checkbox"/> Information Disclosure Statement(s) (PTO/SB/08)          | 5) <input type="checkbox"/> Notice of Informal Patent Application |
| Paper No(s)/Mail Date _____  | 6) <input type="checkbox"/> Other: _____                          |

## **DETAILED ACTION**

### ***Prosecution History Summary***

1. Claims 1-46 are currently pending in the instant application.

Claims 1-6, 16, 22, 26, and 32 have been amended per Applicant's submission on 11/07//2008.

### ***Response to Amendment***

2. In light of Applicant's submission filed 11/07/2008, the Examiner has withdrawn the 35 USC 112, second paragraph rejections. Examiner has also withdrawn objection to the drawings, per Applicant's submission on 11/07/2008.

### ***Claim Rejections - 35 USC § 101***

3. 35 U.S.C. 101 reads as follows:

Whoever invents or discovers any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof, may obtain a patent therefor, subject to the conditions and requirements of this title.

4. Claims 1-46 are rejected under 35 U.S.C. 101 because the claimed invention is directed to non-statutory subject matter.

Referring to method claim 1, based on Supreme Court precedent, to be patent eligible under 35 U.S.C. 101 a method/process claim must (1) be tied to a particular machine or apparatus or (2) transform a particular article into a different state or thing (see at least *Gottschalk v. Benson*, 409 U.S. 70 (1972); *Diamond v. Diehr*, 450 U.S. 192

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(1981); Parker v. Flook, 437 U.S. 589 n.9 (1978); and Cochrane v. Deener, 94 U.S. 780, 788 (1876)). Furthermore, the Supreme Court held that the use of a specific machine or transformation of an article must impose meaningful limits on the claim's scope to impart patentability (Benson, 409 U.S. 71-72). The involvement of the machine or transformation must not merely be insignificant extra-solution activity (Flook, 437 U.S. 590). Also see In re Bilski, No. 2007-1130, \_\_F.3d\_\_, 2008 WL4757.

The instant claims fail to meet this test. The claims fail to transform a particular article into a different state or thing. The claims are not tied to a machine or apparatus. In order for a process claim to be considered statutory subject matter under 35 USC 101, the process must be tied to a machine *within the body* of the claim, and the machine must be performing *an essential function* within the claim. Claim 1 as currently amended fails to tie a process to another statutory class (in this case a computer or machine) wherein the machine is performing an essential function within the claim (e.g. a computer processor or "search engine server" performing the assigning, comparing, etc. steps as shown on page 9 of the specification). All claims dependent on Claim 1 are rejected for the aforementioned reasons.

Claims 16, 26, and 32 are rejected under 35 U.S.C. 101 because the claimed invention is directed to non-statutory subject matter.

Based on Supreme Court precedent, to be patent eligible under 35 U.S.C. 101 a method/process claim must (1) be tied to a particular machine or apparatus or (2) transform a particular article into a different state or thing (see at least Gottschalk v.

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Benson, 409 U.S. 70 (1972); Diamond v. Diehr, 450 U.S. 192 (1981); Parker v. Flook, 437 U.S. 589 n.9 (1978); and Cochrane v. Deener, 94 U.S. 780, 788 (1876)). A claim to software, program, instructions, code, or a "data structure" without any recitation of a proper computer readable medium is non statutory subject matter. Claims 16, 26, and 32 all recite instructions for performing a process or method, but do not clearly disclose wherein the process or method is computer executable, e.g. "One or more computer-accessible media having computer-executable components for..." as shown on page 4 of the specification. A claim to "instructions", "logic", etc. that is not clearly computer executable could just be text. All claims dependent on Claims 16, 26, and 32 are rejected for the aforementioned reasons. Appropriate clarification and/or correction is required.

### ***Claim Objections***

5. Claims 33-46 are objected to because of the following informalities: Amended independent Claim 32 is directed to "One or more computer-accessible media having instructions for performing a method....", thus it is a product claim (Computer-accessible media). However Claims 33-46 that depend directly or indirectly from claim 32 are still directed towards "The method of Claim 32".

Appropriate correction is required.

***Claim Rejections - 35 USC § 102***

6. The following is a quotation of the appropriate paragraphs of 35 U.S.C. 102 that form the basis for the rejections under this section made in this Office action:

A person shall be entitled to a patent unless –

(a) the invention was known or used by others in this country, or patented or described in a printed publication in this or a foreign country, before the invention thereof by the applicant for a patent.

(e) the invention was described in (1) an application for patent, published under section 122(b), by another filed in the United States before the invention by the applicant for patent or (2) a patent granted on an application for patent by another filed in the United States before the invention by the applicant for patent, except that an international application filed under the treaty defined in section 351(a) shall have the effects for purposes of this subsection of an application filed in the United States only if the international application designated the United States and was published under Article 21(2) of such treaty in the English language.

7. Claims 1- 46 rejected under 35 U.S.C. 102 (e) as being anticipated by  
Kamangar et al. (US 2003/0046161).

With respect to **Claims 1 & 32**: Kamangar discloses a method for optimizing placement of search result listings displayed in a search Web page, the method comprising:

measuring an actual performance of a listing located in a Web page containing a search term and a search result corresponding to the search term, wherein the actual performance comprises at least one of click-through rate(CTR) and context of the listing; (Kamangar [14 & 40]) wherein the expected performance comprises at least one of a user defined expected CTR and the context of the listing;(Kamangar [14, 40, & 42])

assigning an expected performance for the listing based on the location;  
comparing the actual performance to the expected performance for the listing;  
(Kamangar [14 & 40])

promoting the listing to a more prominent location when the actual performance is better than the expected performance; and (Kamangar [14 & 40])

demoting the listing to a less prominent location when the actual performance is poorer than the expected performance; and displaying the listing at the more prominent location or at the less prominent location. (Kamangar[14 & 40])

With respect to **Claim 2**: Kamangar discloses wherein assigning the expected performance includes increasing the expected performance when the listing is prominently located, and decreasing the expected performance when the listing is not prominently located. (Kamangar [43])

With respect to **Claims 3-6, 19-21, & 34-37**: Kamangar discloses, wherein the listing is prominently located when it is included in the search result, wherein the listing is prominently located when it is located near the search term, wherein the listing is not prominently located when it is located in a sidebar on the Web page, wherein the listing is not prominently located when it is located separately from the search result. (Kamangar[ 51] & Fig. 6)

With respect to **Claims 7 & 38**: Kamangar discloses further comprising increasing the expected performance of the listing based on a context of the listing, wherein the context of the listing comprises factors that increase performance, including at least one of a position of the listing above other listings, a larger size of the listing

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relative to other listings, a distinctive formatting applied to the display of the listing, including a contrasting color, a highlighting, an animation, and a graphic, and a good performance of a neighboring listing. (Kamangar [24, 25, & 28] )

With respect to **Claims 8 & 39**: Kamangar discloses, further comprising decreasing the expected performance of the listing based on a context of the listing, wherein the context of the listing comprises factors that decrease performance, including at least one of a position of the listing below other listings, a smaller size of the listing relative to other listings, a lack of distinctive formatting applied to the display of the listing, and a poor performance of a neighboring listing. (Kamangar [40])

With respect to **Claims 9 & 40**: Kamangar discloses, wherein the performance of a listing is a click-through rate, where the click-through rate is derived from a number of times the listing is displayed in the Web page as compared to a number of times the listing is clicked after being displayed. (Kamangar [40])

With respect to **Claims 10 & 41**: Kamangar discloses, wherein the listing is an unpaid listing, and the expected performance is a threshold level that is tuned to optimize unpaid listing relevance. (Kamangar [52])

With respect to **Claims 11 & 42**: Kamangar discloses, wherein the listing is a paid listing that generates advertising revenue each time it is clicked, and the expected performance is a threshold level that is tuned to optimize paid listing revenue. (Kamangar [44])

With respect to **Claims 12 & 43**: Kamangar discloses, wherein the expected performance of a listing is a threshold performance level that is tuned to a particular market. (Kamangar [25 & 28])

With respect to **Claims 13 & 44**: Kamangar discloses, wherein the performance of a listing is based on an overall performance of a set of listings to which the listing belongs, and promoting and demoting the listing includes promoting and demoting the set of listings based on the overall performance. (Kamangar [43])

With respect to **Claims 14 & 45**: Kamangar discloses, wherein the overall performance of the set of listings is based on the expected performance of each listing in the set, wherein the expected performance varies based on a position of each listing within the set. (Kamangar [41-44])

With respect to **Claims 15, 25 & 46**: Kamangar discloses, wherein the actual performance is better than the expected performance when the actual performance substantially exceeds the expected performance, and poorer when the actual

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performance falls substantially short of the expected performance. (Kamangar [40-43])

With respect to **Claim 16**: Kamangar discloses, a search results optimization system comprising: a performance measurement process to measure an actual performance of a listing appearing in a search results Web page against an expected performance level, wherein the actual performance comprises at least one click-through rate(CTR) and context of the listing and where the expected performance level comprises a user defined expected CTR that is adjusted based on whether the listing appears in a more prominent or less prominent location;

a listing placement process to promote the listing to the more prominent location when the actual performance measures higher than the expected performance level, and to demote the listing to the less prominent location when the actual performance measures lower than the expected performance level; and a displaying process to display the listing at the more prominent location or at the less prominent location (Kamangar [14, 30, 38, 40-43])

With respect to **Claim 17**: Kamangar discloses, wherein to measure an actual performance includes capturing a number of impressions of a listing and a number of clicks on a listing, and a current location of the listing relative to a location of the search results on the Web page. (Kamangar [14, 25, 28])

With respect to **Claim 18**: Kamangar discloses, wherein the more prominent location is a location in which a listing is expected to receive a greater number of clicks than that received in the less prominent location. (Kamangar [44])

With respect to **Claim 22**: Kamangar discloses, wherein the expected performance levels in the performance settings repository are tuned to optimize at least one of advertising revenue and search result relevance. (Kamangar [12] & Fig2)

With respect to **Claim 23**: Kamangar discloses, wherein the performance measurement process takes a context of the listing into consideration when measuring the actual performance of the listing against the expected performance level for the listing. (Kamangar [25 & 40])

With respect to **Claim 24**: Kamangar discloses, wherein the context of the listing comprises factors that increase performance, including at least one of a position of the listing above other listings, a larger size of the listing relative to other listings, a distinctive formatting applied to the display of the listing, including a contrasting color, a highlighting, an animation, and a graphic, and a good performance of a neighboring listing, and factors that decrease performance, including at least one of a position of the listing below other listings, a smaller size of the listing relative to other listings, a lack of distinctive formatting applied to the display of the listing, and a poor performance of a

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neighboring listing. (Kamangar [25, 28, 40, 49])

With respect to **Claim 26**: Kamangar discloses, one or more computer-accessible media having instructions for facilitating the optimal placement of search result listings in a search result user interface, the instructions comprising:

- placing a listing for a search result in an initial location based on an expected click-through rate (CTR); (Kamangar [43])

- capturing an actual CTR of the listing; (Kamangar [40])

- normalizing the actual CTR based on the location; (Kamangar [48])

- and promoting the listing to a more desirable location when the normalized CTR is better than the expected CTR, and demote the listing to a less desirable location when the normalized CTR is worse than the expected CTR. (Kamangar [40, 43, 48 & Fig 3])

With respect to **Claim 27**: Kamangar discloses, the computer-accessible media of claim 26, wherein the instruction to track an actual CTR of the listing includes to capture a location of the listing when it was clicked, and the instruction to normalize the actual CTR is to adjust the CTR down when the location has a positive influence on CTR, and to adjust the CTR up when the location has a negative influence on CTR. (Kamangar [35-38, 40] Fig.4)

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With respect to **Claim 28**: Kamangar discloses, capturing a context of the listing when it was clicked, wherein the instruction to normalize the actual CTR includes to normalize the actual CTR based on the context. (Kamangar [25 & 26])

With respect to **Claim 29**: Kamangar discloses, wherein the context of the listing comprises factors that influence performance, including at least one of a position of the listing relative to other listings appearing in the search results user interface, a size of the listing relative to other listings, a presence or absence of distinctive formatting applied to the display of the listing relative to the other listings, including a contrasting color, a highlighting, an animation, and a graphic, and a CTR of an adjacent listing. (Kamangar [24, 25 & 40])

With respect to **Claim 30**: Kamangar discloses, wherein the listing is a pay-per-click listing and the expected CTR is set to optimize revenue earned from the listing. (Kamangar [14 & 46])

With respect to **Claim 31**: Kamangar discloses wherein the listing is an unpaid listing and he expected CTR is set to optimize relevance of the placement of the search result listing. (Kamangar [51]).

***Response to Arguments***

8. Applicant's arguments filed November 7, 2008 have been fully considered a. but they are not persuasive.

a. In response to applicant's arguments, the applicant states that claims 1, 25 and 32 – 46 have been amended to satisfy the rejections under 35 U.S.C. § 101.

The examiner respectfully disagrees and maintains the rejection

b. The applicant argues in regards to claims 1 and 32 that Kamangar fails to disclose comparing actual performance data and expected performance data of a single ad and utilizing that comparison to determine changes in the ad's placement on a page. The examiner notes that Kamangar discloses ¶40, examples of a performance parameter include a click through rate (i.e. actual performance comprising a click through rate), also disclosed in ¶40, Kamangar discloses the user interest for the ad weighted for the size relative to other ads(i.e. actual performance comprising a context of the listing). Kamangar also discloses in ¶42, achieving desired results by way of customizing the performance parameters, said parameters in this case the click through rate. As stated in the pervious office action ¶14 reads on the context of the listing as being used as a performance parameter.

c. Applicant submits that the dependent claims 2-15 and 33-46 are allowable in view of Applicant's arguments made in regard to the amended independent claims. For the same reasons above regarding the amended independent claims, the Examiner respectfully disagrees.

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d. The applicant argues in regards to claims 13 and 44 that Kamangar fails to disclose that where it is determined that the set should be moved all of the listing in the set are either promoted together or demoted together as a set. The examiner notes that Kamangar discloses in ¶ 33 that selecting a final set of one or more of the candidate ads. In addition the applicants own specification states on page 3, ¶4 that the context of the listing may include, " a number of factors that are known to influence performance, including the location of the listing, the amount of display area that the listing occupies, the neighboring listings, and the display format characteristics..."

e. Applicant submits that claim 16 is allowable in view of Applicant's previously stated arguments made in regard to claims 1 and 32. For the same reasons above regarding the amended independent claims, the Examiner respectfully disagrees.

f. The applicant argues in regards to claim 26 that Kamangar fails to disclose placing a listing for a search result in an initial location based on an expected click-through rate. The examiner notes that Kamangar discloses in ¶42 that the use a customized performance parameter (i.e. a click-through rate) is used to achieve a performance score, which is used to order the ads.

g. Applicant submits that the dependent claims 27-31 are allowable in view of Applicant's arguments made in regard to the amended independent claims. For the same reasons above regarding the amended independent claims, the Examiner respectfully disagrees.

***Conclusion***

9. **THIS ACTION IS MADE FINAL.** Applicant is reminded of the extension of time policy as set forth in 37 CFR 1.136(a).

A shortened statutory period for reply to this final action is set to expire THREE MONTHS from the mailing date of this action. In the event a first reply is filed within TWO MONTHS of the mailing date of this final action and the advisory action is not mailed until after the end of the THREE-MONTH shortened statutory period, then the shortened statutory period will expire on the date the advisory action is mailed, and any extension fee pursuant to 37 CFR 1.136(a) will be calculated from the mailing date of the advisory action. In no event, however, will the statutory period for reply expire later than SIX MONTHS from the mailing date of this final action.

Any inquiry concerning this communication or earlier communications from the examiner should be directed to DARNELL POUNCIL whose telephone number is (571)270-3509. The examiner can normally be reached on Monday to Thursday 8 to 5 EST.

If attempts to reach the examiner by telephone are unsuccessful, the examiner's supervisor, James Myhre can be reached on (571)272-6722. The fax phone number for the organization where this application or proceeding is assigned is 571-273-8300.

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Information regarding the status of an application may be obtained from the Patent Application Information Retrieval (PAIR) system. Status information for published applications may be obtained from either Private PAIR or Public PAIR. Status information for unpublished applications is available through Private PAIR only. For more information about the PAIR system, see <http://pair-direct.uspto.gov>. Should you have questions on access to the Private PAIR system, contact the Electronic Business Center (EBC) at 866-217-9197 (toll-free). If you would like assistance from a USPTO Customer Service Representative or access to the automated information system, call 800-786-9199 (IN USA OR CANADA) or 571-272-1000.

/D. P./  
Examiner, Art Unit 3688

/James W Myhre/  
Supervisory Patent Examiner  
Art Unit 3688